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## Caplan-Sauvageau Report: Highlights

*Françoise Coulombe*

Political and Social Affairs Division  
Research Branch

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## CAPLAN-SAUVAGEAU REPORT: HIGHLIGHTS

### INTRODUCTION

The Task Force on Broadcasting Policy, co-chaired by Messrs. Gerald Caplan and Florian Sauvageau, released its report<sup>(1)</sup> on 22 September. The report reviews the current state of Canadian broadcasting, defines its foundations and makes 180 recommendations intended as a master plan to the end of the century.

The work of the Caplan-Sauvageau Task Force led its members to the conclusion that the Canadian broadcasting system was in crisis. The following is their analysis of that crisis:

The problems are clear enough: inadequate Canadian programming; inadequate high-quality programming; insufficient performance programming by the private sector in English Canada, insufficient attention paid to information and public affairs programming in the private sector in Quebec; and a general reluctance to give priority to the social goals of the broadcasting system.

The reasons for these problems are equally clear: the public sector, which must be the chief purveyor of quality Canadian programming, is inadequately scaled and funded; the private sector, which should complement the public sector at least to the extent of contributing to the fulfillment of the social objectives of the Broadcasting Act, is not contributing enough.

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(1) Report of the Task Force on Broadcasting Policy, Ottawa, Supply and Services Canada, 1986, 731 p.



Two groups are responsible for these problems: for the inadequate funding, successive federal governments of whatever political stripe; for the private sector's unimpressive role, a regulatory agency which has failed to interpret its mandate under the 1968 Broadcasting Act with sufficient rigour.

Directly or indirectly, nearly every one of our recommendations address (sic) the issues which flow from this analysis.(1)

In view of the size of the report, our study will restrict itself to describing the highlights of those portions likely to be of special interest to parliamentarians, i.e., the chapters which discuss proposals for a new Broadcasting Act, French-language broadcasting and the public and private sectors.(2)

## TOWARD A NEW BROADCASTING ACT

### A. Principles and Objectives

The Task Force recommends a thorough revision of the Broadcasting Act that would take into account the legal, technological and social changes that have taken place since it came into force in 1968. It also notes that the State must provide broadcasting with a legal framework that fits in with the fundamental rights included in the Canadian Charter of Rights and Freedoms.

The Task Force puts forward a number of recommendations that are major departures from the 1968 Act, including the following:

- that Canadian broadcasting policy should recognize the special character of Quebec broadcasting, both in itself and as the nucleus of French-language broadcasting throughout Canada;

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(1) Ibid., p. 691-692.

(2) Appended is a table illustrating the cost of implementing the Task Force's recommendations.



- that the principle of federal-provincial consultation should be part of the Broadcasting Act;
- that the Broadcasting Act should formally recognize the right of aboriginal peoples to broadcasting services in representative native languages, where numbers warrant and as public funds become available.

## B. Policy-Making and Regulation

The Task Force studied the provisions of the current Broadcasting Act that allow the government to involve itself in the functions of the CRTC, i.e., section 23 (the power to set aside or refer decisions back to the CRTC). It also examined Bill C-20, a bill to amend the Canadian Radio-Television and Telecommunications Commission Act, the Broadcasting Act and the Radio Act, introduced by the Minister of Communications on 20 December 1984, which proposed establishing a power to issue directives on matters of general policy. It concluded that there was a need to reduce the ways in which government could intervene in the Act to a single method: the government must choose between the power to set aside and the power to issue directions. The Task Force states its preference for the latter. Its detailed recommendation reads as follows:

The Act should recognize government entitlement to intervene with the CRTC according to one or other of the following methods, but not both; either it can set aside or refer decisions back to the CRTC, or it can issue directives to the CRTC. The Task Force prefers that government have the power to issue directives.

If it is decided to grant government the power to set aside or refer decisions back to the CRTC, such power should be exercised so as to comply with the principles of due process.

Cabinet, prior to issuing a directive, should be required to consult public opinion in the way the CRTC does when it plans to make or amend a regulation. The CRTC should be responsible for such public hearings.



Directives should be used in moderation so as to leave the regulatory authority free of intervention in exercising its day-to-day mandate, and the following rules should be observed:

- directives take the form of regulations and are subject to the provisions of the Statutory Instruments Act;
- directives cannot be retroactive;
- only the government, and not ministers, may issue a directive;
- directives shall be formulated in general terms, like regulations, and the regulatory authority shall be responsible for interpreting them and monitoring their application.(1)

The Task Force is in favour of eliminating part-time CRTC members, and states that the CRTC should consist of nine full-time members appointed for a term of five years. It also recommends equitable representation for women and minorities and that the current Francophone proportion of four of nine members become the rule.

The Task Force recommends that the Broadcasting Act should keep the CRTC's extensive powers to make regulations on all matters within its jurisdiction and to set conditions of licence on each licensee, including conditions that oblige the licensee to spend specified amounts for specific purposes.

As an alternative to appointing part-time members, the Task Force recommends that the CRTC should appoint a Public Advocate in each of its regional offices. The Public Advocate would be responsible for ensuring public participation, as well as receiving and investigating public complaints. The Public Advocate would have the authority needed to "demand an explanation from a broadcaster and to submit serious cases to the Commission for consideration." (2) The Public Advocate would also

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(1) Report of the Task Force on Broadcasting Policy, p. 175-176.

(2) Ibid., p. 195.



maintain liaison with groups wishing to intervene at licence renewal hearings.

Two proposals aim at improving the CRTC's public hearing procedure: the authorization of cross-examination by parties with opposing interests wherever the possibility exists that contradictory statements could impair the proceedings and dropping existing confidentiality practices that hinder the evaluation of application.

### FRENCH-LANGUAGE BROADCASTING

The Task Force refers to the signing in February 1986 of the Canada-Quebec Memorandum of Understanding on the Development of the French-language Television System, under which Quebec is linked to the development of the French-language television system. The report argues that this direction should be extended to the whole system, radio included. It therefore recommends that the autonomy of French-language radio and television services be recognized within the CBC and that French-language CBC should be allowed to develop distinctly from English-language CBC and that the two sectors, serving distinct societies, should be allowed to take different approaches to meeting the objectives assigned to public broadcasting.

The Task Force advocates establishing a public French-language channel to be called Télé-Canada (TV Canada in English), which would repeat existing Canadian programs and provide new Canadian programs in a number of areas including children's, news and public affairs, documentaries and arts programs. It also asks that priority carriage be given to services in French on systems that serve primarily Francophone subscribers.

The Task Force emphasizes that it is responding in various ways in its report to the legitimate expectations of Francophones outside Quebec. It adds the following warning however:

Like it or not, however, Francophones outside Quebec will always have to depend to a great extent on Quebec for French-language programming and this is particu-



larly true for television, which requires costly equipment and plentiful skilled labour.(1)

The Task Force recalls that it is very expensive for the public television sector to serve both an audience that is primarily located in Quebec and Francophone populations spread across Canada. The Task Force therefore recommends that CBC French network budgets be reviewed to establish hourly production costs that reflect the role assigned to the French network in the new television environment.

## THE PUBLIC SECTOR

### A. The Canadian Broadcasting Corporation

The Task Force recommends a number of changes to the CBC's statutory mandate. Among other things, it recommends that "the provision that the national service contribute to the development of national unity...[be] replaced by a more socially oriented provision, for example, that the service contribute to the development of national consciousness." (2) It argues that the CBC's mandate should in future be to offer a full range of Canadian programs rather than a range of all available programs, as is currently the case. Thus, the CBC should to the greatest extent possible avoid airing foreign programs normally available from other Canadian broadcasters.

With respect to the radio networks, the Task Force recommends sparing them any further budget cuts. It would like the new Broadcasting Act to specify that the CBC is responsible for providing both radio and television services and that there should be scope for CBC radio and television, English and French services, to develop on the basis of different program mandates, audiences and financial needs.

With respect to television, the Task Force advocates Canadianizing CBC television. Thus CBC television should replace American

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(1) Ibid., p. 226.

(2) Ibid., p. 285.



programs which are readily available on other networks with attractive and distinctive Canadian programming "but only when adequate funds are available."(1)

The CBC should seek from the CRTC a licence to operate an English all-news and information channel. An analogous but less ambitious service would be offered in French by TV Canada. The channel would be delivered by satellite to basic cable subscribers, and financed by both advertising revenue and a small pass-through fee to subscribers. It should be operated as a self-sustaining enterprise.

The CBC's English television service should be reorganized into five regions: Alberta-British Columbia, Manitoba-Saskatchewan, Ontario, Quebec and Atlantic. French-language services should be concentrated in the following four centres: Montreal, Quebec City, Moncton and Ottawa.

The CBC should negotiate with its television affiliates to have them all phase in over time the full network schedule, without time shifting. If agreement is not reached, CBC should consider ensuring distribution by whatever means it sees fit, according to local market conditions.

The Task Force argues the need to match money to the mandate for the CBC. To this end it recommends important changes in the renewal process which would involve the participation of the government, the Corporation and the CRTC:

The CBC licence renewal process should be preceded by a statement from the government on the extent of funding it intends to provide over the pending CBC licence period. It should also be preceded by the CBC's plans for the licence period, including its promise of performance to the Commission. On this basis, as well as the public comment provided through a full licence renewal hearing and its overall view of the content of the Canadian broadcasting system as a whole, the CRTC would then attach to the CBC's licence such conditions as it deemed appropriate.(2)

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(1) Ibid., p. 299.

(2) Ibid., p. 326-327.

The Task Force recommends that - contrary to current practice - the offices of the Chairman of the Board of Directors and the President and Chief Executive Officer of the CBC should be filled by different persons and be clearly defined. Thus the Chairman of the Board would be primarily concerned with policy, while the President and Chief Executive Officer would be empowered to implement policies determined by the Board of Directors. The Chairman of the Board should be appointed by the Governor in Council and the President and Chief Executive Officer should be appointed by the Board of Directors.

The Task Force advocates establishing an Office of the Ombudsman, to be responsible to the CBC Board. Two appointees should be named to the Office, one Anglophone, one Francophone. They would be responsible for investigating public complaints about the CBC and for publicizing their results. They could also investigate complaints from Parliament or parliamentary committees.

### **B. Provincial Broadcasting**

The Task Force recommends that the CRTC continue to license provincial broadcasting entities, but the provinces should determine the nature of such broadcasting, including the balance between educational and more general programming. It goes on to suggest that the Government of Canada should initiate negotiations with provincial governments to bring all provincial broadcasting under the general regulatory structure of the CRTC (taking into account the previous recommendation). The Task Force also would like to see the possibility of provincial broadcasting organizations participating in national or regional broadcasting networks and also recommends that they should have full access to the Broadcast Fund and other incentives to the production of Canadian programs.

### **C. The National Film Board**

The Task Force recommends that the NFB should be seen as a significant producer of television documentaries featuring contemporary social issues, as well as of educational and children's programming for the



proposed new public television network, TV Canada. Legislation governing this NFB should be amended to extend its mandate from films to broadcasting and to assure it an arm's length relationship from government for that purpose. While TV Canada would pay appropriate licence fees for the use of NFB productions, the Board should nevertheless receive sufficient government funding to enable it to make its contribution to Canadian television programming.

The NFB should be encouraged to continue its regional role, using local talent to make films for television. Studio D, the women's arm of the NFB, should be seen as an important player in the NFB's contribution to TV Canada.

#### **D. TV Canada**

With a view to providing a new outlet for Canadian programming, especially in categories where few programs are available, the Task Force recommends establishing a second public television service - Télé-Canada for the French network and TV Canada for the English. The recommendation reads as follows:

Canada needs a new non-commercial, satellite-to-cable television service in the public sector, in English and French, with a programming emphasis on regional production, programs for young people, performing arts, documentaries and the best programs shown by other Canadian broadcasters. The French, but not the English, network would also carry news and information programs. The government should convene a meeting of public broadcasters from the federal and provincial levels, together with the National Film Board, to consider the establishment of such a service under a board of directors representative of the interested parties.(1)

All cable systems which offer discretionary pay television services should be required to carry the new channel on the basic service. Funding of TV Canada should be through a charge by the new service to cable system operators based on a per-subscriber rate, with the cost reflected in appropriate adjustments to cable rates.

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(1) Ibid., p. 358.

## **E. The Broadcast Fund**

The Task Force recommends that the Broadcast Fund should be extended by a second five-year term to run from 1988 to 1993 and that one-third of the support should continue toward French-language programming. It also recommends passing legislation establishing Telefilm Canada as an arms-length agency of government and providing it with a mandate on which to base its administration of the Broadcast Fund. By the end of 1987-88, support will be provided principally in the form of matching the licence fee payments made by Canadian broadcasters and based on the expectation that such productions [made primarily for Canadians by Canadians] must recover most of their revenues in the Canadian market.

## **THE PRIVATE SECTOR**

### **A. Private Radio**

The Task Force believes that the CRTC's approach and objectives to private radio are appropriate. It therefore recommends that radio continue to be regulated but that the regulatory tools should be flexible, and - through conditions of licence - appropriate to the special circumstances of each licensed radio station or network. It argues in favour of maintaining the existing Canadian content requirements for radio broadcasters, including the 30% quota for AM licensees.

### **B. Private Television**

The Task Force supplies a detailed breakdown of the revenues and expenses of private television, including program expenditures, and examines its profitability as well as the industry's structure and performance. With a view to enhancing the capacity of private broadcasters to contribute to the objectives of a new Broadcasting Act, the Task Force recommends that the amendments made to the Income Tax Act by Bill C-58,



1976,<sup>(1)</sup> as well as the CRTC's policy on simultaneous program substitution should be maintained. It nevertheless recommends that the CRTC should develop such measures to ensure that its program substitution policies do not have the effect of reducing exhibition of Canadian programs in peak viewing time.

To ensure that these programs have sufficient access to air time, the Task Force recommends, for conventional off-air broadcasters, that 60% of all programming and 50% of the programming scheduled between 6 p.m. and midnight must be Canadian. It also advocates a minimum 45% Canadian content quota for private broadcasters in the evening viewing hours from 7 p.m. to 11 p.m.

The Task Force goes on to emphasize that private television stations and networks must be required to commit greater resources to Canadian programs. To achieve this, it recommends that the CRTC should use conditions of licence to require that stations and networks make expenditures for internal productions of, or acquisition of, the right to exhibit Canadian programs consistent with their financial and other resources.

### **C. Pay-TV and Specialty Services**

Since pay-TV failed to keep its Canadian content promises and also encountered significant financial problems, the Task Force recommends that the CRTC, in setting Canadian content requirements for the second licence term, should consider the realistic and appropriate contribution that pay operators can make as their subscription base expands. It also recommends that in establishing conditions of licence for pay-television services, the CRTC should take into account the film policy of the federal government and, in particular, the creation of the Canadian Feature Film Fund. It emphasizes that the CRTC's conditions of licence for pay-television services should be designed to ensure the exhibition of most

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(1) The purpose of these amendments was to allow undertakings to include in their deductible expenses the cost of advertisements intended for Canadian buyers only when they were broadcast by Canadian stations or networks.

of the Canadian feature films being produced and that the CRTC should continue to prohibit undue American competition.

With respect to specialty programming services, the Task Force recommends that the new non-commercial channels, TV Canada/Télé-Canada, should be part of basic cable service in systems in which discretionary services are available, and also recommends a new CBC English-language news and current affairs channel. With respect to English-language services, the Task Force recommends that pending any radical restructuring of the present cable tiering system, Canadian specialty services should remain on a discretionary cable tier and the carriage of competitive signals from the U.S. should be prohibited. Finally, because of the relatively small size of the market for French-language specialty services, it suggests that the CRTC should license carefully chosen specialty channels to operate in French and to be carried as part of basic cable service.

## CONCLUSION

The Task Force report concludes with an appeal to those who will make the decisions needed to consolidate a truly Canadian broadcasting system:

In the end, decisions must be made by those who form public policy: the CRTC, provincial governments and above all, the government of Canada. It is those bodies that must gauge the extent of the commitment of Canadians to a Canadian broadcasting policy. They must determine how serious they themselves are about demanding a substantial contribution from the private sector to the goals of the new Broadcasting Act that we hope to see introduced. They must decide the proper level of government spending on broadcasting. They must determine, for example, whether Canadians are prepared to pay higher cable fees or sales taxes to pay for a new public sector broadcasting network. We do not underestimate how difficult it will be to make these decisions; but it is perhaps not excessive to assert that a great deal of the future of this country, and the kind of country we will be in the future, rests on those decisions.(1)

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(1) Report of the Task Force on Broadcasting Policy, p. 699.



## APPENDIX

Source: Report of the Task Force on Broadcasting Policy, p. 667-674.





Table 29.1 Implementation Costs of Task Force Recommendations

Expenditure Item	Estimated Cost	Comment
<b>1. Native Broadcasting</b> – Increased allocation of funds to the Northern Native Broadcast Access Program (NNBAP) to cover costs associated with sharing a satellite transponder with CBC.	\$2 million – \$3 million	The option of a shared transponder to carry native programming is proposed as an interim step toward separate satellite arrangements for carriage of native-language programming.
<b>2. CBC Programming</b> <b>A. News and Information</b> – Establishing of 'store-front' radio news gathering service in regions of Canada not now covered by the CBC's English radio news service.	<p>CBC has estimated the costs at \$13 million over a 5-year phase-in period to bring local radio service to 19 unserved communities (just over \$2 million annually). The cost of serving each community through a 'store-front' service is an average capital expenditure of about \$300,000 and average operating costs of about \$160,000 annually.</p> <p>The cost of operating each such office would be approximately \$400,000 annually. If three such offices were opened annual costs would be \$1.2 million.</p>	<p>Such service could be extended at any rate, based on the extent of funding available. The Task Force endorses the principle that the gaps in CBC's news coverage of Canada should be filled as efficiently as possible.</p> <p>The recommendation to establish these offices is linked to our recommendations concerning the reorganization of CBC service in Eastern Quebec.</p>
– Open offices in a number of key regions of Quebec where the CBC has no staff journalists (Abitibi, Eastern Townships, St. Maurice, etc.)		

**Table 29.1 Implementation Costs of Task Force Recommendations (cont'd)**

<p>— Produce on a trial basis for 3 to 5 years a regional French-language television newscast in Chicoutimi for carriage on the local CBC affiliate.</p> <p>— Establish a dedicated news and current affairs channel in English and program a partial channel in French. Link to establishing additional news bureaux outside Canada.</p>	<p>The estimated cost is \$700,000 annually.</p> <p>The costs involved depend on how ambitious an approach is taken, but could vary from \$20 million to \$35 million. The cost of each foreign correspondent is estimated at \$300,000.</p>	<p>This recommendation is also linked to a reorganization of CBC French-language services in Quebec.</p> <p>Revenues would be derived from a per-subscriber charge collected from cable television companies and from national advertising. At a charge of 25¢ per subscriber with carriage on basic or extended basic service in systems offering discretionary services to their subscribers, the cable revenue combined with advertising would cover the cost of providing a strong service.</p>
<p><b>B. Performance Programming:</b></p> <p><b>Prime Time</b></p> <p>— Concentrate responsibility for English-language production of programming other than news, information and sports in Halifax, Montreal, Toronto, Winnipeg and Vancouver and strengthen such production in these centres. Do the same for French-language production in Montreal, Ottawa, Quebec and Moncton.</p>	<p>In part this involves a reallocation of expenditure within each region. However, to the extent that production in the regions for the network is strengthened, it would be linked to network expenditures on Canadian programs.</p>	<p>The Task Force's recommendation is that the CBC's television production in the regions should be strengthened, but with production of performance programming concentrated in a single station in each region. This recommendation should be considered in conjunction with the role recommended for TV Canada in the regions.</p>



- Increase the licence fees now paid by CBC to exhibit independent Canadian productions.
  - Increase the percentage of Canadian programming exhibited on the CBC's French and English television networks between 7 p.m. and 11 p.m.
- 
- The incremental cost of this change is estimated at \$15 million.
- The costs to CBC involved in increasing Canadian programming in this time period from the present level of 80 percent are estimated as follows:
- to 85 percent: \$10 - \$12 million
  - to 90 percent: \$20 - \$24 million
  - to 95 percent: \$30 - \$36 million
- The costs to Telefilm would be equivalent to the above figures, thereby doubling the total costs (see Item 8 below).
- The CBC estimates that it might also lose between \$30 million and \$50 million in advertising revenue if it increased Canadian content to 95 percent, although the proposed tax incentive should substantially reduce these losses.
- 
- The result of this change would be to increase the average licence fee payment made by the CBC to 40 percent. It is assumed that on average the Broadcast Fund would match this amount.
- There is now little Canadian performance programming available in the mid-evening hours. The focus the Task Force has recommended for the CBC would be reflected in increased Canadian content. If the continuation of the Broadcast Fund is assumed beyond 1987, then Telefilm's share of the required funding would already be committed.

Table 29.1 Implementation Costs of Task Force Recommendations (cont'd)

<ul style="list-style-type: none"> <li>- Increase the percentage of Canadian programming exhibited outside prime time on CBC's French and English television networks.</li> </ul>	<p>The CBC estimates that it might also lose between \$30 million and \$50 million in advertising revenue if it increased Canadian content to 95 percent, although the proposed tax incentive should substantially reduce these losses.</p>	<p>Greater or lesser degrees of Canadianization of non-prime time CBC schedules might be considered, with varying costs.</p>
<p>3. Distribution of CBC Services</p> <ul style="list-style-type: none"> <li>- Extension of CBC service to cover isolated aboriginal communities</li> <li>- Extension of CBC services to francophone minorities outside Quebec.</li> </ul>	<p>The estimated cost to the CBC is between \$10 and \$15 million. Only to the extent that the CBC used independently produced children's programs as part of this Canadianization would part of the cost be born by the Broadcast Fund.</p>	<p>The extension of CBC services to underserved communities and regions should continue, reflecting an ongoing commitment to CBC's role as broadcaster of last resort serving Canadians who would otherwise receive no service.</p>
<ul style="list-style-type: none"> <li>- Complete replacement of the remaining 14 CBC radio affiliates.</li> </ul>	<p>As funds become available the extension of coverage by CBC signals should continue.</p>	<p>This expenditure could be spread over several years.</p>



- Extend coverage of CBC's English and French stereo radio service.

For the English stereo service expenditures of \$37 million would increase coverage from the current level of 72 percent to over 96 percent. In the short term, expenditures of \$10 million would increase coverage to 82 percent. Costs for extension of French service would be \$3 million to cover communities of 40,000 population.

- Negotiate with CBC's French and English TV affiliates to ensure carriage of virtually the full network service.

This review of the CBC's affiliation agreements is under way. Its outcome will be affected by any further Canadianization of CBC schedules and by any action taken to make advertising on Canadian programs more attractive. While there is no immediate net loss financially, there is the potential for network programs to attract a smaller share of viewing to the CBC when it is no longer linked to local programming.

- Establish an English-language CBC television station in New Brunswick.

CBC is already spending a significant amount of money on programming in N.B. under its agreement with its N.B. affiliate. The incremental costs of establishing a station are estimated at an initial capital cost of \$25 to \$28 million, with additional operating cost of \$1.5 million annually.

At present, centres as large as Victoria, Sudbury and Charlottetown cannot receive the CBC's stereo service. Extension of service could be spread over a number of years.

N.B. is now the only province without an English language CBC television station. The establishing of a station would ensure carriage of the full network service in N.B.

Table 29.1 Implementation Costs of Task Force Recommendations (cont'd)

<p>4. <b>CBC Ombudsman</b></p> <ul style="list-style-type: none"> <li>- Establish an internally appointed office of CBC ombudsman, with dual appointees responsible for English and French services respectively.</li> </ul>	<p>\$500,000 to \$750,000 annually.</p>	<p>Incremental funding for this purpose should be provided out of government appropriations.</p>
<p>5. <b>Private Radio and Sound Recording</b></p> <ul style="list-style-type: none"> <li>- Additional support by private radio broadcasters to FACTOR/CTL and MUSICACTION.</li> </ul>	<p>It is expected that the approach recommended would lead to additional funds being available to support Canadian sound recordings.</p> <p>The Task Force believes there is a need for at least \$5 million annually in public funds to support the production of Canadian sound recordings, with emphasis on non-mainstream music unlikely to receive support through the industry agencies.</p>	<p>The emphasis of these two industry agencies will be on mainstream commercial categories of recordings.</p>
<ul style="list-style-type: none"> <li>- Additional direct support by government to finance Canadian sound recordings, with the focus on minority recording interests not served by FACTOR/CTL or MUSICACTION.</li> </ul>	<p>The Task Force believes there is a need for at least \$5 million annually in public funds to support the production of Canadian sound recordings, with emphasis on non-mainstream music unlikely to receive support through the industry agencies.</p>	<p>Some additional funds have now been committed under the program announced recently by the Minister of Communications.</p>
<p>6. <b>Private Television</b></p> <ul style="list-style-type: none"> <li>- Conditions of licence should be used to ensure that private broadcasters make a greater contribution to financing Canadian programming.</li> </ul>	<p>The objective should include having expenditures by the Broadcast Fund to finance Canadian programs for private broadcasters matched by licence fees paid by private broadcasters. If Telefilm commits \$35 million in 1987-1988, for example,</p>	<p>Telefilm should only support productions if a designated percentage (15 percent is suggested to start) of the budget is committed as a licence fee. The balance of emphasis will vary from broadcaster to broadcaster and between the French and</p>



### 7. TV Canada

- New non-commercial services should be established in French and English with an emphasis on children's, documentary and arts programs, and on independent productions originating in the regions. The services will also repeat existing programs from other broadcasters.

### 8. The Broadcast Fund

- The Broadcast Fund should be extended for a second 5-year period from 1988 to 1993.

\$35 million should be paid in licence fees by private broadcasters. This should not come at the expense of news and information programming to which adequate resources should also be committed.

First year budget would be \$45 to \$50 million, rising to \$100 million over 5 years. Service would benefit from complementary NFB funding, provincial governments, Telefilm Canada, and repeating Canadian programs.

The level of funding we consider appropriate for the Broadcast Fund would be \$75 million in 1987-88, and would rise at least in line with inflation over the next five years.

English sectors. At present news and information is stronger in English broadcasting than in French; Canadian entertainment programming is the greatest weakness of English television.

Per-subscriber payments from cable companies would start at 75¢ and rise by 25¢ annually to \$1.50. Thereafter adjustments would reflect inflation. Appropriate cable rate adjustments would be made, as indicated in Chapter 24.

The cost of the Broadcast Fund would be offset by the tax revenues generated by a continuation of the tax on basic cable subscriptions at a reduced rate of 5 percent and a tax of 10 percent on discretionary cable services.

**Table 29.1 Implementation Costs of Task Force Recommendations (cont'd)**

<p><b>9. Tax Incentive to Advertisers</b></p> <ul style="list-style-type: none"> <li>– Establish a 150 percent deduction for the cost of all advertisements placed on Canadian children's programs, drama, variety, performing arts and documentary programs which qualify for 10 points under the CRTC's criteria for defining Canadian programs.</li> </ul>	<p>Maximum cost estimate is \$29 million. To the extent this measure attracts more advertising to Canadian programs it will generate offsetting economic benefits.</p>	<p>The proposal will complement the Broadcast Fund policy, CBC's increased Canadian content, and CRTC's recent initiatives to strengthen Canadian programming in these categories.</p>
<p><b>10. Research and Regulation</b></p> <ul style="list-style-type: none"> <li>– The CRTC should implement a compliance strategy for its regulations and conditions of licence, and both DOC and the CRTC should substantially increase research resources.</li> </ul>	<p>Without detailed knowledge of CRTC operations, costs are difficult to determine for the compliance strategy. Our estimate is an additional \$5 million to \$7 million.</p>	<p>The CRTC collects in licence fees from broadcasters much more than it spends on regulating the industry. The costs are, therefore, fully covered within the activity itself and there is scope for additional expenditures. Some of the increase may be offset by increased use of self-regulation.</p>
<ul style="list-style-type: none"> <li>– Establish a data bank of CRTC decisions, assist various groups of citizens to monitor and be involved in developing broadcast policy and decision-making, and establish a public participation officer in each regional CRTC office.</li> </ul>	<p>Costs are estimated at between \$1 million and \$1.5 million.</p>	<p>As noted above, revenues from broadcast licence fees exceed CRTC expenditures.</p>











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GREEN	25075	VERT
RUST	25078	ROUILLE
EX RED	25079	ROUGE

ACCO CANADA INC.  
WILLOWDALE, ONTARIO

\* INDICATES  
75% RECYCLED  
25% POST-  
CONSUMER FIBRE



\*SIGNIFIE 75 %  
FIBRES RECYCLÉES,  
25 % DÉCHETS DE  
CONSOMMATION

BALANCE OF PRODUCTS  
25% RECYCLED

AUTRES PRODUITS:  
25 % FIBRES RECYCLÉES



